

Message Text

CONFIDENTIAL

PAGE 01 SANTIA 01476 110039Z

72

ACTION PM-03

INFO OCT-01 ARA-06 ISO-00 SS-15 IGA-01 L-02 ABF-01 OMB-01

TRSE-00 AID-05 CIAE-00 INR-07 NSAE-00 NSC-05 DODE-00

/047 W

----- 115206

R 102204Z MAR 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 0000

INFO DOD ISA IA

DOD OSD DSA

USCINCSO QUARRY HTS CZ

C O N F I D E N T I A L SANTIAGO 1476

EO 11652: GDS

TAGS: MASS, AFIN, ABUD, CI

SUBJECT: SECTION 514 TEN PERCENT DEPOSIT REQUIREMENT

REF: STATE 283368

1. AT PRESENT TIME GOC APPEARS TO OWE TOTAL OF \$88,438.77 ON 10 PC DEPOSIT REQUIREMENT UNDER SECTION 514 OF FAA. THIS DEBT IS RESULT OF USG RPT USG ERRORS IN CALCULATING EXCHANGE RATE OF CHILEAN ESCUDO WITH US DOLLAR AT TIME OF REQUEST FOR PAYMENT TO GOC. ERROR UNDERSTANDABLE AS ESCUDO IS CALCULATED AT DIFFERENT EXCHANGE RATES FOR DIFFERENT PURPOSES IN CHILE, AND EXCHANGE RATES CHANGE FREQUENTLY. AT TIME OF PAYMENTS TO USG IN FEB AND MARCH OF 1973, JAN AND FEB OF 1974, AND JULY 1974, GOC ACTED IN GOOD FAITH ON UNDERSTANDING IT WAS USING AGREED EXCHANGE RATE.

2. BY EMBASSY NOTE 320 DATED JULY 22, 1974, WE CALLED ERROR TO ATTENTION GOC AND REQUESTED PAYMENT OF SHORTAGES IN THREE PREVIOUS GOC PAYMENTS. WE REQUESTED ADDITIONAL PAYMENT OF TOTAL OF \$88,438.77 TO MAKE UP FOR ERROR. UNDER GOC ACCOUNTING SYSTEM, DEBT WAS APPORTIONED DIRECTLY TO MILITARY SERVICES FOR BENEFITS THEY RECEIVED. ON OR ABOUT DECEMBER 20, 1974, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTIA 01476 110039Z

CHILEAN AIR FORCE (FACH) GAVE EMBASSY US DOLLAR CHECK FOR

\$16,691.67 DRAWN ON CENTRAL BANK OF CHILE, IN PAYMENT FACH SHARE OF DEBT. CHECK RETURNED TO EMBASSY BY FIRST NATIONAL CITY BANK THROUGH FED RESERVE BANK NEW YORK AS UNPAYABLE, WITH STATEMENT "EXCHANGE CONTROL REGULATIONS PROHIBIT COLLECTION THIS ITEM AND REMITTANCE OF PROCEEDS TO AN EXTERNAL ACCOUNT". ASSUME DIFFICULTY IS TECHNICAL MATTER WHICH COULD BE CLEARED UP, BUT AT MOMENT GOC STILL OWES FULL \$88,438.77.

3. IF IT IS LEGALLY PERMISSIBLE, WE RECOMMEND THAT NO FURTHER EFFORT BE MADE TO COLLECT THIS MONEY FROM THE GOC, AND THAT WE BE GIVEN INSTRUCTIONS TO INFORM THE GOC THAT OUR NOTE 320 IS WITHDRAWN. WE ALSO PROPOSE RETURN FACH CHECK TO GOC. FIRST AND FOREMOST, THE ERROR WAS OURS. SECOND, THE DEPOSIT REQUIREMENT PROGRAM ITSELF HAS BEEN TERMINATED. LASTLY, CONGRESSIONAL RESTRICTIONS ON MILITARY ASSISTANCE TO CHILE HAVE ALREADY PLACED US IN A DELICATE POLITICAL POSITION WITH THE GOC, AND WE THINK IT WOULD BE ADDING INSULT TO INJURY TO PRESS NOW FOR ADDITIONAL PAYMENTS AFTER GOC THOUGHT IT HAD PAID TOTAL DEBT IN GOOD FAITH.

4. WOULD APPRECIATE DEPT'S VIEWS.
POPPER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT DEBTS, FOREIGN ASSISTANCE LAW, SECTION 514
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANTIA01476
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750084-0145
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750366/aaaachhz.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 283368
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by BoyleJA>; APPROVED <25 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECTION 514 TEN PERCENT DEPOSIT REQUIREMENT
TAGS: MASS, AFIN, ABUD, CI, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006